

## **PRESS RELEASE**

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### **Politicians must stop using £100,000 average lifetime graduate earnings premium**

A new report from the Intergenerational Foundation ([www.if.org.uk](http://www.if.org.uk)), challenges the current £100,000 lifetime graduate earnings premium used so often by politicians in order to justify increasing student fees, or changing repayment thresholds or interest rates.

The report entitled, *"The Graduate Premium: manna, myth or plain mis-selling?"*, dissects the "guaranteed bonus" of the lifetime graduate premium and concludes that there is no such thing, except for a select group of graduates from Oxbridge colleges, or medicine or dentistry degrees.

Angus Hanton, IF Co-Founder comments, "Any politician or policy-maker who dangles the carrot of an average lifetime earnings premium should be challenged for gross mis-selling. Our research proves that the current £100,000 graduate earnings premium so often touted equates to an "annual bonus" of just £2,222 over 45 years of work. Furthermore, the premium is simply not enough to cover the interest accruing on the average loan. The current system is fuelling a self-perpetuating debt-generating machine which short-changes young people."

The report reveals that there are simply too many variables at work to justify the existence of an average lifetime graduate earnings premium. Factors include school and institution attended, gender, ethnicity, subject studied, degree awarded, number of students in the system, and socio-economic background. Economic conditions at the time of graduating also play a part, such as changes in the labour market, the number of available graduates, and wider global economic stresses such as international competition for jobs and technology shocks.

Stephen Kemp-King, report author adds, "The UK already has more over-qualified workers than any OECD country other than Japan but higher degree qualifications have not led to increased graduate pay. Instead the over-supply of graduates has led to a glut in the employment market with companies and organisations now demanding a degree for many lower-skilled jobs without needing to pay any graduate premium at all."

As the report shows, heads of institutions have extracted a 50% increase in pay and perks over the last couple of years at 25 higher education institutions and 33 of them are now paid over £300,000 a year.

Hanton continues, "Policy makers are likely to respond by citing record-breaking graduate employment figures but the issue is how much money graduates see in their pay packet not the number of jobs filled that demand a degree."

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**Notes to Editors:**

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The Intergenerational Foundation is a non-party-political charitable think tank that researches fairness between generations. IF believes policy should be fair to all: the old, the young and those to come.